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Acquisition

VALUE ENGINEERING PROGRAM



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This instruction implements AFPD 63-8, *Air Force Value Engineering Policy Directive*. It provides procedures, defines concepts and objectives, assigns responsibilities, and establishes reporting requirements for the Air Force Value Engineering (VE) Program. Read this instruction with DoD Instruction (DoDI) 5000.2; DoD Manual 5000.2; Office of Management and Budget (OMB) Circular A-131, "Value Engineering"; and Federal Acquisition Regulation (FAR), parts 48 and 52.

Attachment 3 gives definitions of terms used in this instruction.

SUMMARY OF REVISIONS

This is the initial publication of AFI 63-801, substantially revising AFR 320-1, 15 Jul 1985. Changes were necessitated by procedural changes to government wide VE programs caused by the reissue of OMB Circular A-131, May 1993. Changes included requirements to appoint a senior management official for VE, to establish a \$1 million eligibility threshold, and to develop specific criteria and guidelines to more clearly focus the program.

1. General Information:

1.1. The OMB requires all Federal departments and agencies to use VE to reduce program and acquisition costs.

1.1.1. OMB Circular A-131 states that VE is an established technique for reducing costs. It applies to:

- Hardware and software.
- Development, production, and manufacturing.
- Specifications, standards, and contract requirements.
- Facilities design and construction.

1.2. Air Force acquisition and logistic managers, as well as civil engineers, use VE to encourage contractors and Air Force personnel to reduce system, product, service, and facility costs by:

- Critically examining the individual components of an end item.
- Trying to either eliminate or modify marginal functions.
- Simultaneously retaining all essential functions.

1.2.1. VE is most effective when used with a multifunctional team approach such as integrated product development (IPD).

1.3. Air Force VE achieves stated user-defined performance, functional, and environmental requirements for specific products or services at the lowest life-cycle cost (acquisition or operating and support (O&S) costs or both).

1.3.1. The user decides whether VE alternatives technically satisfy a stated requirement.

1.4. The Air Force VE program consists of two parts:

- The contractor program.
- The in-house program.

2. Contractor Program:

2.1. The Air Force complies with FAR boundaries for contractual VE.

2.1.1. FAR Part 48 tells the contracting officer how to correctly apply VE contract provisions. Part 52 provides specific instructions, clauses, and guidance on approving deviations if required for a specific program.

2.2. All products and services that contractors provide, except those that the FAR specifically exempts, are candidates for VE.

2.2.1. FAR Part 48 contains contract clauses that implement contractor VE programs. As this instruction goes to press, only these products and services are exempted from carrying VE contract clauses:

- Products during research and development other than the engineering and manufacturing development phase.
- Engineering and services from not-for-profit organizations.
- Personnel services.
- Providing for product improvement. *EXCEPTION:* The VE incentive application is restricted to areas that provisions for product or component improvement don't cover.
- Commercial products that don't involve package specifications or other special requirements.
- Requirements for which the agency head exempts the contract or class of contracts from applying a VE clause.

2.3. The Secretary of the Air Force (SAF) directs that Air Force managers for contracted systems, products, services, and facilities:

2.3.1. Apply VE to all eligible products procured with 3010, 3020, and 3080 procurement funds and exceeding target criteria established by each program executive officer (PEO), designated acquisition commander (DAC), or MAJCOM or FOA commander.

2.3.2. Apply VE to all eligible aircraft, missile, and other ground support spares funded from the Air Force Stock Fund.

2.3.3. Apply VE to all eligible products procured with 3400 funds that go to the Air Force's central supply and maintenance function and exceed the MAJCOM or FOA commander's target criteria.

2.3.4. Apply VE to all eligible products and services procured with 3600 funds that go to DoD mission support and exceed the MAJCOM or FOA commander's target amount.

2.3.5. Apply VE to the project planning and design phase of:

- All military construction (MILCON) projects funded by 3300 appropriations and estimated to cost \$10 million or more.
- A plurality of all projects estimated to cost \$1 million or more and anticipated to have a return on investment of 10 to 1 or more.

2.3.5.1. MAJCOM or FOA commanders may establish target criteria for the remaining 50 percent of projects estimated to cost \$1 million or more and for unspecified minor construction projects.

2.3.6. Comply fully with all provisions of the FAR and DoD supplement to the FAR (DFAR) relating to VE.

2.3.6.1. Include a VE engineering incentive clause in all contracts exceeding \$100,000 in value. The contracting officer may include such a clause in lower-value contracts if he or she believes it will motivate the contractor to suggest money-saving changes to the contract.

2.3.6.2. The contracting officer offers the contractors maximum benefits within the constraints of the FAR.

2.3.6.3. The Air Force representative to the DAR or FAR subcommittee on VE acts as necessary upon requests for special FAR deviations.

2.3.6.4. Contracting officers must thoroughly understand the proper use of undefinitized contractual actions (UCA) and their potential to maximize savings to the Air Force.

2.3.7. Complete the technical evaluation of all VE proposals within 45 calendar days of receipt. In cases when a VE proposal is extremely complex or requires extensive test and evaluation and you can't do the technical evaluation within 45 days, give the proposal originator weekly updates on the status of the technical evaluation and when you expect it to be done.

2.3.8. Complete the business analysis of the VE proposal within 45 working days of approving the technical evaluation.

2.3.9. Finalize VE contract modifications within 90 working days of completing the business analysis. When the contracting officer has to act quickly to capture the greatest savings on technically sound and approved contractor-submitted VE Change Proposals (VECP), the contracting officer should consider issuing a UCA or change order bounded by not less than the savings estimate.

2.3.10. Develop a relationship with contractors to encourage VE.

2.3.11. Continually expand the use of VE on:

- All ACAT I and II programs in engineering and manufacturing development (EMD) or production.
- All support phase contracts over \$1 million.

2.4. The Air Force acquisition executive's VE goal is for contractors to submit proposals each fiscal year equal to 0.5 percent of the previous 3-year average dollar value of the total production or spares contracts for each acquisition activity.

2.4.1. PEOs, DACs, system program directors (SPDs), product group managers (PGMs), materiel group managers (MGMs), and commanders with products and services identified in 2.3.paragraph 2.3 establish local objectives to help achieve this goal.

3. In-house Procedures:

3.1. Air Force managers apply VE to all Air Force systems and products produced, repaired, or maintained by Air Force personnel and all services performed internally.

3.2. The Air Force goal is for each eligible command and agency to produce VE savings equal to 2 percent of their previous 3-year average annual share of the organization's appropriations.

4. What People Do:

4.1. The SAF authorizes Air Force managers to reuse all or part of the savings resulting from a successful VE proposal during the fiscal year in which the first savings accrue and for the subsequent 2 fiscal years. Use the benefits to:

- Conduct further VE studies and analysis.
- Reduce funding constraints.
- Support approved but unfunded requirements.

4.2. The Directorate of Management Policy and Program Integration (SAF/AQX):

- Communicates on VE matters with the Office of the Secretary of Defense, other DoD components, other Government agencies, industrial associations, and professional and technical societies.
- Oversees Air Force policy for the VE program.
- Provides an Air Force representative to the DoD VE Committee and to the DAR or FAR subcommittee on VE.
- Prepares the consolidated Air Force VE program plan and statistical summary.
- Nominates individuals and organizations who made unique contributions to the Air Force VE program for the annual DoD and SAF VE awards.

4.3. PEOs and DACs:

- Establish guidance on what level of VE effort is expected from SPDs, PGMs, MGMs, and program managers of systems under their control.

- Establish VE level-of-effort criteria for systems in EMD or production early enough that program managers can use them in preparing their funding requests for the biennial budget cycle.
- Review the annual VE results for selected programs and nominate individuals for recognition.
- Identify and encourage specific improvements needed in a VE program, if required.
- Forward reports and policy measures to SAF/AQX by the required dates each year. PEOs may use the Air Force Materiel Command (AFMC) VE organization to submit required reports, if so desired.

4.4. Commanders of MAJCOMs and FOAs with budgets greater than \$2 million or total procurement obligations exceeding \$1 million in a given year:

- Establish a senior command VE program manager and contracting focal point.
- Identify both the VE program manager and the contracting focal point to SAF/AQX within 60 days of this instruction's publication date.
- Every 2 years, develop a long-range VE plan compatible with the force structure in the Air Force's biennial future years defense plan (FYDP). Base the long-range plan on a business analysis of opportunities for practicing product-specific VE. The plan serves as a guide for VE budgeting requests.
- Develop an annual product-specific program plan based upon the commander's target criteria and derived from the long-range VE plan.
- Promote and publicize the VE program to contractors and Air Force members.
- Develop and provide VE training to the personnel responsible for the organization's VE program and to other personnel who develop, review, and analyze VE actions consistent with IPD.
- Provide funds for the product-specific program plan.
- Collect, analyze, and report VE results.
- Forward reports and policy measures required by this instruction to SAF/AQX by the required dates each year.

4.5. Commanders of MAJCOMs and FOAs with budgets less than \$2 million or total procurement obligations of less than \$1 million in a given year don't need to establish the organizational or reporting structure of paragraph 4.4. They are encouraged, however, to seek out VE opportunities and must comply with parts 48 and 52 of the FAR.

4.6. MAJCOM and FOA VE program managers:

4.6.1. Prepare a long-range product-specific VE plan every 2 years (complete with goals, objectives, and milestones) compatible with the Air Force FYDP force structure.

4.6.2. Prepare a command VE program plan for each fiscal year. This plan meets the criteria established by this instruction and the commander. Derive the plan from the command's long-range plan and identify specific products and services that will be evaluated during that year.

4.6.3. Provide a command VE program plan to SAF/AQX by 1 September of each year.

4.6.4. Identify and budget for funding and manpower to achieve the level-of-effort specified in the annual VE program plan.

- 4.6.5. Train VE focal points and other key personnel from acquisitions and logistic support functions in VE methodology and contracts.
- 4.6.6. Inform the commander of program plan accomplishments and of potential VE opportunities.
- 4.6.7. Publicize the VE program both internally and among contractors.
- 4.6.8. Help, as needed, the technical and business analysis of all VEPs and VECPs.
- 4.6.9. Recognize personnel or organizations for their outstanding contributions to the VE program.
- 4.6.10. Provide SAF/AQX with a command End-of-Year report and annual policy measures by 1 November of each year.
- 4.6.11. Use only accepted VE practices and sound cost analysis and management principles for the VE program.
- 4.6.12. Develop internal procedures to verify and validate all estimated VE savings and cost avoidance, using only approved cost models and data verified by the activity's comptroller or contracting official or by logistics cost analyses.
- 4.6.13. Ensure that other Air Force special-interest programs using VE value analysis techniques retain their identity within the VE reporting structure.

4.6.13.1. Special-interest programs concentrate on improving such things as performance, reliability, maintainability, and availability, rather than saving money. However, savings attributable to these special-interest programs can be reported in the annual VE summary, if these savings are not reported by other official means to HQ Air Force.

4.6.13.2. All reported claims of savings must meet the same validation standards as VE savings. If you include them in the annual VE summary, be sure to identify the special-interest program as the source of savings.

4.7. MAJCOM and FOA contracting focal points:

- Complete the **Contractual Aspects of VE** course (AFIT Course WPPM306, PDS Code WW8).
- Keep current on contractual issues relating to VE.
- Advise other MAJCOM and FOA contracting officers.

4.8. The Air Force Civil Engineer (HQ USAF/CE):

- Serves as the focal point on VE matters for military construction program projects.
- Establishes policy and procedures specifically for facility projects.
- Consolidates annual policy measures, VE plans, and summary activity reports prepared by MAJCOM facility VE POCs and forwards them to SAF/AQX by the required dates each year.
- Makes sure that sufficient funding for VE studies is included in the P-313 (Planning and Design) budget request.
- Monitors actual savings from VE studies and VECPs.
- Promotes:

- Submittal of VECPs by contractors.
 - VE training of MAJCOM civil engineering personnel.
 - Objective evaluation and integrity of VE studies and VECPs.
 - Recognition of civil engineering contributions to the VE program.
- 4.9. The MAJCOM/FOA civil engineering VE point of contact (POC):
- Helps the MAJCOM VE program manager to implement an effective VE program.
 - Ensures that an adequate portion of the MAJCOM's allocation of planning and design (P&D) funds (P-313) is reserved for mandatory and justified VE studies.
 - Helps project managers to select projects for VE studies, study management, and evaluation of VE study and VECP recommendations.
 - Schedules project managers for VE training at Corps of Engineers (CoE) or Naval Facilities Engineering Command (NAVFAC) 40-hour workshops.
 - Prepares and submits to HQ USAF/CE:
 - Required policy measures.
 - The annual VE plan.
 - The annual summary VE activity report detailed in the SAF/AQX call letter.
- 4.10. All organizations eligible to participate in the Air Force VE program must submit to SAF/AQX:
- An annual VE Program Plan Summary, RCS: SAF-AQX(A) 9460, (see **Attachment 1**) by 1 September each year.
 - An annual VE Program End-of-Year Summary, RCS: SAF-AQX(A) 9461, (see **Attachment 2**) by 1 November each year.
 - Annual raw end-of-year policy measures required by AFD 63-8, (RCS: DD-A&T(A) 1138, DoD Value Engineering Program Report).
- 4.11. MAJCOM/FOA training officers:
- Provide personnel with annual VE training equal to the command's previous 3-year average annual VE training figures.
 - For those organizations with no previous history of VE training, try to initiate a viable training program within the limits of its training budget.
 - Ensure that all VE managers complete both the **Contractual Aspects of VE** (AFIT Course WPPM306, PDS Code WW8) and **Principles and Applications of VE** (AMEC Course L5OZA0076005, PDS Code E67) courses within 1 year of assuming responsibilities. ***Note: Facilities VE personnel take Corps of Engineers of NAVFAC 40-hour VE training workshops conducted by Society of American Value Engineers standards, rather than the courses listed here.***
 - Ensure that contracting focal points complete **Contractual Aspects of VE** (AFIT Course WPPM306, PDS Code WW8) within 1 year of selection.
- 4.12. HQ AFMC staffs a VE program office at each Product and Logistic Center. Fund permanent manpower authorizations, if required, through the biennial Program Objective Memorandum.

5. Awards and Incentives. Process nominations for both DoD and SAF Value Engineering Awards according to AFI 36-2835.

5.1. Achievement Awards. Commanders encourage interest and participation in VE by rewarding those Air Force members who exemplify the potential of VE.

5.2. Financial Award. Commanders give monetary awards to Air Force members who submit VE proposals that result in savings according to the Air Force Suggestion Program.

5.3. Career Incentives. Commanders annually reward Air Force members who make unique contributions to the Air Force's VE Program by nominating them for DoD and SAF Honorary VE Achievement Awards.

5.3.1. Each year both the Deputy Secretary of Defense and the SAF authorize VE awards in each of seven categories:

- Air Force Program/System/Item Manager (one only).
- Field Organization.
- Individual.
- Value Engineering Professional.
- Procurement/Contract Administration.
- Air Force Installation.
- Air Force Contractor.

5.3.2. VE program managers are eligible for awards in the VE Professional category but not for the Program/System/Item Manager category.

5.3.3. Follow the chain of command for award nominations, notifications, and presentations.

5.4. All Air Force military and civilian personnel and Air Force contractors are eligible.

5.5. Each PEO, DAC, MAJCOM or FOA commander, and AF/CE participating in the Air Force VE program may submit two nominations per category each year.

5.5.1. Submit nominations to SAF/AQX by 1 November of each year with a cover letter signed by the command section. Specify the VE accomplishments to be recognized, using the instructions in AFI 36-2835.

5.5.2. Individuals are selected for awards based primarily on the quantitative and qualitative information included with the nominations.

5.6. The Deputy Assistant Secretary of Acquisition (Research and Engineering), SAF/AQ(R&E), appoints an Air Force Award Committee to evaluate the nominations.

5.6.1. The committee returns their recommendations for both DoD and SAF awards to the Deputy Assistant Secretary.

5.6.2. The Deputy Assistant Secretary then forwards recommendations to the SAF for approval. SAF in turn forwards DoD award nominations to the Assistant Secretary of Defense (Economic Security).

CLARK G. FIESTER
The Assistant Secretary of the Air Force for Acquisition

Attachment 1

FORMAT FOR VE PROGRAM PLAN SUMMARY

(RCS: SAF-AQX(A) 9460)

Value Engineering

Program Plan Summary for FY

A1.1. Program/MAJCOM/FOA Value Engineering (VE) Monetary Objective.

Commanders establish realistic and attainable monetary objectives for savings and reuse of savings each fiscal year.

A1.2. Program/MAJCOM/FOA VE Applicability Criteria.

Commanders establish criteria each fiscal year that focus the organization's VE effort on the most critical products and services.

A1.3. VE Personnel Training Objectives.

Commanders establish training objectives for the fiscal year. Available VE courses include "Contractual Aspects of VE (CAVE)" and "Principles and Applications of VE (PAVE)." Consider establishing organization-sponsored introductory VE courses to augment formal courses.

A1.4. VE Promotional Objectives.

Commanders establish objectives that will promote VE within the organization and separate objectives, as applicable, for contractors, subcontractors, suppliers, and vendors.

A1.5. Specific VE Candidates.

Commanders define each year those specific programs, systems, subsystems, components, services, or internal organizational tasks that meet the applicable criteria and offer the most potential for reducing costs. Identify only the top 20 specific projects in this program plan summary.

Note: This report is designated emergency status code D. Immediately discontinue reporting data requirements during emergency conditions. Discontinue reporting during MINIMIZE.

Attachment 2

FORMAT FOR VE PROGRAM END-OF-YEAR SUMMARY RCS: SAF-AQX(A) 9461VALUE ENGINEERING PROGRAM END-OF-YEAR SUMMARY FOR FY

Section A - Air Force (See Note 1).

A2.1. Estimated funds that your organization allotted during the reporting period to support your in-house VE program.

A2.2. Estimated funds that your organization allotted during the reporting period to support your contractor VE program.

A2.3. Number of full-time personnel assigned to your organization's VE program during the reporting period.

A2.4. Estimated equivalent man-years devoted by part-time personnel in your organization's VE program during the reporting period.

Section B - Fiscal Year Results (see Note 2)

A2.5. Documented in-house VE savings for your organization during the reporting period.

A2.6. Contractor VE savings:

- Your organization's documented contractor VE savings during the reporting period?
- Your organization's Total Obligation Authority (Procurement Appropriations) during the reporting period.

Section C - Training

A2.7. The number of organization personnel receiving VE training during the reporting period.

- CAVE courses.
- PAVE courses.
- Organization-sponsored VE courses (8 hours or more).
- Organization-sponsored VE courses (Less than 8 hours).

Section D - In-house VE Data: (see Note 3)

A2.8. Number of in-house VE proposals your organization implemented during the reporting period.

A2.9. Number of in-house VE proposals your organization received during the reporting period.

A2.10. Number of in-house VE proposals awaiting a decision on technical or fiscal merit at the ending of the reporting period.

A2.11. Pertinent data on each of the most significant in-house VE projects implemented during the reporting period:

<i>Program/Project</i>	<i>Number of VEPs</i>	<i>Estimated Cost Avoidance</i>
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Section E - Contractor VE Data

A2.12. Number of contractor VE proposals your organization implemented during the reporting period.

A2.13. Number of contractor VE proposals your organization received during the reporting period.

A2.14. Number of contractor VE proposals awaiting a decision on technical or fiscal merit at the ending of the reporting period.

A2.15. Number of approved contractor VE proposals are awaiting actions relating to contract modification at the ending of the reporting period?

A2.16. The average processing time (from receipt to technical approval) for Value Engineering Change Proposals (VECP) during the reporting period.

A2.17. The average VECP processing time (from receipt to contract modification) during the reporting period.

A2.18. Number of VECPs submitted during the reporting period that required more than 45 calendar days to accept or reject.

A2.19. Number of VE Program Requirement clauses placed in contracts during the reporting period.

A2.20. Organization efforts in effect during the reporting period to increase contractor participation in the Air Force's VE program.

A2.21. Pertinent data on each of the most significant cost-saving VE projects submitted by contractors during the reporting period:

<i>Program/Project</i>	<i>Contractor Submitting VECP</i>	<i>Number of VECPs</i>	<i>Contractor's Dollar Award</i>	<i>Air Force Dollar Share</i>
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A2.22. Description of approved and adopted VECPs or VEPs during the reporting period that resulted in benefits to the Air Force in addition to decreased cost; for example, increased safety or increased reliability or maintainability.

Section F - Other Not-Reported Value Program Cost Savings or Cost Avoidances (see Note 4)

A2.23. Pertinent data on savings to your organization during the reporting period resulting from special emphasis programs that didn't focus solely on cost reduction:

<i>Program/Project</i>	<i>Special Emphasis Program</i>	<i>Net Savings or Cost Avoidances to the Air Force</i>
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Section G - For AFMC use only

A2.24. List of the top 20 contractors, ranked by total dollar value of contracts in effect, doing business with your organization during the reporting period. Provide relevant VE information:

<i>Contractor</i>	<i>Number of Contracts in Effect</i>	<i>Total Dollar Value of Contracts in Effect</i>	<i>Number of VECPs Submitted</i>	<i>Number of VECPs Approved</i>	<i>Net VE Award to Contractor</i>	<i>Net savings to Air Force</i>
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A2.25. List of those contractors identified above and the total number of VECPs received that originated with their subcontractors, vendors, or suppliers:

<i>Contractor</i>	<i>Number of VECPs</i>
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A2.26. The number of VECPs received during the reporting period *by type of contract* in effect at the time the VECP was submitted:

<i>Contract Type</i>	<i>Number of VECPs</i>
Firm Fixed Price	
Fixed Price Incentive	
Fixed Price EPA	
Fixed Price redetermination	
Cost plus fixed fee	
Cost plus award fee	
Cost	
Cost plus incentive	
Cost sharing	

A2.27. The number of VECPs received during the reporting period classified by product category:

<i>Category</i>	<i>Number of VECPs</i>
Airframes and Spares	
Aircraft Engines and Spares	

<i>Category</i>	<i>Number of VECPs</i>
Missile and Space Systems	
Electrical and Communications Equipment	
Other Aircraft Equipment	
All other Supplies	

A2.28. The VECPs received during the reporting period classified by the acquisition phase that the system was in when the VECP was submitted.

<i>Acquisition Phase</i>	<i>Number of VECPs</i>
Demonstration and Validation	
Engineering and Manufacturing Development	
Production and Deployment	
Operations and Support	
Major Upgrade	

A2.29. List of your organization's ACAT I and II programs in EMD or production phases. Indicate which ones received VECPs during the reporting period.

A2.30. List of your organization's support phase contracts of over \$1 million in value. Indicate which ones received VECPs during the reporting period.

Note 1: *Air Force Resources.* Funding estimates include:

- Salaries and overhead expenses of full and part-time VE personnel (estimated at up to 50 percent of normal salary, if more precise data does not exist).
- VE training costs.
- Costs of contracting for VE services.
- VEP and VECP development and implementation costs.
- Any other costs directly associated with the VE program. Overhead

Note 2: *Fiscal Year Savings.* Savings are defined as a reduction in or avoidance of expenditures that would have been incurred except for the VE program. Report savings in the year incurred; that is, in the year that the reduction or cost avoidance actually occurs. Report the total savings resulting from a specific VE effort for a maximum of 3 years: the initial year and the 2 subsequent years. Calculate procurement savings resulting from VE efforts in accordance with FAR 42. 248-1(g).

Note 3: *In-house Value Engineering Proposal.* Report a study or project as an in-house VE proposal only if:

- It was identified as a VE project before the originator presented it for formal consideration and decision.
- It's obvious that the originator applied elements of the VE discipline, such as a functional analysis, evaluation of worth, or cost comparisons.

Note 4: *Other Not-Reported Value Program Cost Savings or Cost Avoidances.* Report savings resulting from a special emphasis program, either Air Force-wide or organizational, in this summary, if these savings or cost avoidances are not otherwise reported to HQs Air Force. Be sure to report the identity of the special emphasis program. Examples include savings incidental to but resulting from special emphasis programs that insert new technology or increase reliability or maintainability.

Note 5: *This report is designated emergency status code D. Immediately discontinue reporting data requirements during emergency conditions. Discontinue reporting during MINIMIZE.*

Attachment 3

GLOSSARY

Air Force VE Program Manager: The primary US Air Force focal point for VE matters, located in the Office of the Secretary of the Air Force.

MAJCOM or FOA VE Contracting Focal Point: A contracting official, designated by the commander, who helps guide other contracting officers within the command or program office on issues related to VE contractual matters.

MAJCOM or FOA VE Program Manager: A full-time individual, acting for the commander, who oversees a viable and vigorous VE program within the command or agency. Typical responsibilities may include:

- Developing and coordinating VE plans, budgets, and supplemental guidance.
- Managing the activities of subordinate organizations to achieve the command's VE objectives.
- Keeping the Commander informed of current VE activities and results.
- Ensuring that each Commander knows about potential, promising VE projects or opportunities.

Organizational VE Manager: A full-time individual, acting for the commander, who implements a vigorous VE program. Specific activities include:

- Developing and coordinating organizational VE plans, budgets, and supplemental guidance.,
- Defining specific VE objectives,
- Analyzing historical cost information for products and services contracted for by the organization;
- Prioritizing potential products or services that warrant application of the VE. methodology,
- Ensuring that VE training is provided to a portion of the organization's personnel annually.,
- Developing and coordinating internal organizational procedures to increase awareness of the number and status of all VE proposals within the organization,
- Helping with the technical and financial analysis whenever possible,
- Promoting the VE program within the organization., and
- Keeping the commander up-to-date on all ongoing VE efforts and potential candidates for application of VE.

Value Engineering (VE): An organized effort directed at analyzing the function of Department of Defense systems, equipment, facilities, procedures and supplies for the purpose of achieving the required function at the lowest total cost of effective ownership, consistent with requirements for performance, reliability, quality, and maintainability..

Value Engineering Change Proposal (VECP): A change proposal submitted by a contractor pursuant to the VE clause in a current contract. It proposes an alternative way of satisfying an Air Force contractual requirement that will reduce acquisition and/or O&S costs, or both, to the Air Force. Both a technical and business analysis of the proposal are required. For facility projects, VECPs normally occur during the construction phase.

Value Engineering Methodology: An analytical method based on questioning the need for all functions of a specific product or service. Essential functions are kept; unnecessary functions are eliminated or modified. A VE analysis consists of two phases: a Value Analysis (technical) phase and a Financial Cost Analysis (business) phase. In all cases, the product or service's Air Force user has final say on its function (technical analysis).

Value Engineering Program Requirement (VEPR): A specific contractual VE level-of-effort required from the producer or provider of the product or service. Generally used only after a financial baseline has been established for a system or component and the program manager believes that the stated cost will jeopardizes execution of the program. This type of VE effort is required on initial production solicitations and contracts for major programs, subject to the exceptions specified in the FAR.

Value Engineering Proposal (VEP): Proposal for a specific VE effort that conducted by Air Force military or civilian personnel conduct, using the VE methodology. Also, This definition may also be applied to a proposal for a VE effort on a specific product or service instances when the Air Force chooses to contract out the VE effort for a specific product or service. The VEP includes both a technical and business analysis of the proposal are required.

Value Engineering Study Proposal (VESP): An internal Air Force VE study of expensive products, services, or major or minor construction projects. These studies focus on reviewing user requirements and their proposed or existing design solutions offered against validated functional requirements to meet them. The VESP generally results in proposing alternative ways of satisfying user requirements at a reduced cost. Recommendations may include changes to design criteria, materials, or specifications, etc. resulting in initial or O&S cost reductions without degrading user-stated performance or quality expectations.